


ONTARIO FINANCES

2002-03 FIRST QUARTER

QUARTERLY UPDATE - JUNE 30, 2002

Government
Publications Ontario

Ministry of Finance

Fiscal Summary (\$ Millions)

| | Interim 2001-02 | 2002-03 | | |
|---|--------------------|----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| Revenue | 63,463 | 66,544 | 66,546 | 2 |
| Expenditure | | | | |
| Programs | 52,413 | 54,384 | 54,386 | 2 |
| Gross Capital Expenditure | 1,850 | 2,713 | 2,713 | -- |
| Less: Net Investment in Capital Assets* | -- | 634 | 634 | -- |
| Public Debt Interest | | | | |
| Provincial | 8,553 | 8,550 | 8,550 | -- |
| Electricity Sector | 520 | 520 | 520 | -- |
| Total Expenditure | 63,336 | 65,533 | 65,535 | 2 |
| Less: Reserve | -- | 1,000 | 1,000 | -- |
| Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers** | (69) | (11) | (11) | -- |
| SURPLUS / (DEFICIT) | 58 | 0 | 0 | -- |

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

HIGHLIGHTS

2002-03 IN-YEAR PERFORMANCE

BALANCED BUDGET OUTLOOK

◆ The 2002-03 fiscal outlook is on track with the Budget Plan. As of June 30, 2002, a balanced budget is projected, unchanged from the Budget Plan.

REVENUE AT \$66.5 BILLION

◆ The revenue outlook, at \$66,546 million, is up \$2 million from the Budget Plan due to increased revenue for policing services provided by the Ontario Provincial Police.

EXPENDITURE AT \$65.5 BILLION

◆ Total expenditure, at \$65,535 million, is up a net \$2 million from the Budget Plan due to OPP municipal policing services contracts.

RESERVE AT \$1 BILLION

◆ Ontario's 2002-03 fiscal plan includes a \$1 billion reserve designed to protect the balanced budget against unexpected and adverse changes in the economic and fiscal outlook. The reserve will be available for debt reduction if not needed.

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Ce rapport est disponible en français.
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FISCAL PERFORMANCE

REVENUE

- ◆ The revenue outlook, at \$66,546 million, is up \$2 million from the Budget Plan. The sole change this quarter is:
 - ◆ Miscellaneous Revenue is up \$2 million for policing services provided to the County of Wellington, the Municipality of Meaford and the towns of Lakeshore and the Blue Mountains.

OPERATING EXPENDITURE

- ◆ Net operating expenditure, at \$63,456 million, is up \$2 million from the Budget Plan. Changes this quarter include:
 - ◆ Ministry of Municipal Affairs and Housing: An additional \$3 million to provide immediate emergency assistance to residents, small businesses and farmers affected by severe flooding in Northwestern Ontario and to establish an Ontario Disaster Relief office in Fort Frances, fully offset from the Contingency Fund.
 - ◆ Ministry of Public Safety and Security: An additional \$2 million for OPP municipal policing services contracts for the County of Wellington, the Municipality of Meaford and the towns of Lakeshore and the Blue Mountains, offset by revenue.
- ◆ The Public Debt Interest forecast of \$9,070 million, consisting of \$8,550 million related to the Province's borrowing on its own behalf and \$520 million related to the interest on debt issued for investment in the electricity sector, is unchanged from the Budget Plan.

CAPITAL EXPENDITURE

- ◆ Net capital expenditure, at \$2,079 million, is unchanged from the Budget Plan. Changes this quarter include:
 - ◆ Ministry of Enterprise, Opportunity and Innovation: An additional \$8 million towards the construction of the Region of Waterloo Research and Technology Park, transferred from the SuperBuild Millennium Partnerships including \$4 million in Canada-Ontario Infrastructure Program contributions.
 - ◆ Ministry of Municipal Affairs and Housing: An additional \$3 million to cover the cost of repairs to municipal capital infrastructure damaged during severe flooding in Northwestern Ontario, fully offset from the Capital Contingency Fund.

Statement of Financial Transactions (\$ Millions)

| | Actual 1998-99 | Actual 1999-00 | Actual 2000-01 | Interim 2001-02 | Q1 2002-03 |
|---|-------------------|-------------------|-------------------|--------------------|----------------|
| Revenue | 55,786 | 62,931 | 64,682 | 63,463 | 66,546 |
| Expenditure | | | | | |
| Programs | 46,557 | 47,525 | 50,062 | 52,413 | 54,386 |
| Gross Capital Expenditure | 2,215 | 4,887 | 2,123 | 1,850 | 2,713 |
| Less: Net Investment in Capital Assets* | -- | -- | -- | -- | 634 |
| Public Debt Interest | | | | | |
| Provincial | 9,016 | 8,977 | 8,896 | 8,553 | 8,550 |
| Electricity Sector | -- | 520 | 520 | 520 | 520 |
| Total Expenditure | 57,788 | 61,909 | 61,601 | 63,336 | 65,535 |
| Less: Reserve | -- | -- | -- | -- | 1,000 |
| Add: Decrease/(Increase) in Stranded Debt from Electricity Sector Restructuring to be Recovered from Ratepayers** | -- | (354) | 244 | (69) | (11) |
| SURPLUS / (DEFICIT) | (2,002) | 668 | 3,325 | 58 | 0 |
| NET PROVINCIAL DEBT*** | 114,737 | 113,715 | 110,634 | 110,507 | 110,496 |

Note: 1998-99 to 2000-01 programs and gross capital expenditure totals restated to reflect reclassification of Northern Ontario Heritage Fund Corporation expenditure from operating to capital.

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

** Reflects the estimated excess of revenue over expenditure of the Ontario Electricity Financial Corporation (OEFC). Consistent with the principles of electricity restructuring, OEFC debt is to be recovered from ratepayers, not taxpayers.

*** The definition of Net Provincial Debt for 2002-03 has been adjusted to include the Net Investment in Capital Assets. For all other years, Net Provincial Debt represents total Liabilities less Financial Assets.

Selected Economic and Fiscal Statistics

| | Actual 1998-99 | Actual 1999-00 | Actual 2000-01 | Interim 2001-02 | Q1 2002-03 |
|--|-------------------|-------------------|-------------------|--------------------|---------------|
| Gross Domestic Product (GDP) at Market Prices (\$ Millions) | 378,031 | 407,754 | 434,077 | 444,431 | 454,799 |
| Ontario Population (000s) - July 1 | 11,387 | 11,523 | 11,685 | 11,874 | 12,029 |
| Ontario Revenue as a per cent of GDP | 14.8 | 15.4 | 14.9 | 14.3 | 14.6 |
| Ontario Revenue Growth (%) | 6.2 | 12.8 | 2.8 | (1.9) | 4.9 |
| Ontario Total Expenditure as a per cent of GDP | 15.3 | 15.2 | 14.2 | 14.3 | 14.4 |
| Ontario Total Expenditure Growth (%) | 2.3 | 7.1 | (0.5) | 2.8 | 3.5 |
| Ontario PDI as a Share of Revenue (%) | 16.2 | 15.1 | 14.6 | 14.3 | 13.6 |
| Ontario PDI as a Share of Total Expenditure (%) | 15.6 | 15.3 | 15.3 | 14.3 | 13.8 |
| Ontario PDI as a per cent of GDP | 2.4 | 2.3 | 2.2 | 2.0 | 2.0 |
| Ontario Surplus / (Deficit) as a per cent of GDP | (0.5) | 0.2 | 0.8 | 0.0 | 0.0 |
| Net Provincial Debt per capita (\$) | 10,076 | 9,869 | 9,468 | 9,307 | 9,186 |
| Net Provincial Debt as a per cent of GDP | 30.4 | 27.9 | 25.5 | 24.9 | 24.3 |

Sources: Ontario Ministry of Finance and Statistics Canada.

ONTARIO'S REAL GDP GREW BY 1.7 PER CENT (6.9 PER CENT ANNUALIZED) IN THE FIRST QUARTER OF 2002

- ◆ This marked the strongest growth in over two years.
- ◆ The main contributors of growth were real consumer spending (+0.8 per cent), machinery and equipment investment (+2.5 per cent) and housing construction (+3.7 per cent). Other highlights included a drop of pace in inventory depletion (-\$5.8 billion compared to -\$8.0 billion the previous quarter) and a widening of Ontario's real trade surplus.

JOB GROWTH CONTINUES IN 2002

- ◆ Ontario job creation continues with 48,200 net new jobs created over the first half of 2002, compared to the same period in 2001.
- ◆ In June, Ontario employment rose 12,000, following a similar 12,100 gain in May.
- ◆ Ontario's unemployment rate was 7.1 per cent in June.

CONSUMER SPENDING RISING IN 2002

- ◆ Over the first four months of 2002, Ontario retail sales are up 5.9 per cent from the same period a year ago.

HOUSING MARKET REMAINS STRONG

- ◆ Over the first half of 2002, housing starts in Ontario rose 12.5 per cent from the same period last year.
- ◆ Ontario home resales are up 23.4 per cent over the first five months of 2002, compared to the same period in 2001.

EXPORTS AND SHIPMENTS UP

- ◆ Over the first four months of 2002, Ontario merchandise exports rose 2.1 per cent from the same period in 2001.
- ◆ Ontario manufacturing shipments rose 0.3 per cent during the first four months of 2002, from the same period a year ago.

LOWER ENERGY PRICES HAVE MODERATING EFFECT ON 2002 INFLATION RATE

- ◆ In May, Ontario's year-over-year inflation was 0.8 per cent, down sharply from 1.4 per cent in April.
- ◆ Lower prices for petroleum products compared to 12 months earlier continued to have a moderating effect on the overall increase.

KEY ECONOMIC INDICATORS

(% Change from previous period, unless indicated otherwise)

| | | Annual | Annual | Quarterly | | | | |
|---|---------|--------|--------|--------------|-------|-------|-------|------|
| | | 2000 | 2001 | 01:1 | 01:2 | 01:3 | 01:4 | 02:1 |
| Output (Seasonally Adjusted at Annual Rates) | | | | | | | | |
| Real GDP | Ontario | 5.5 | 1.1 | (2.5) | 2.7 | (3.0) | 0.9 | 6.9 |
| Nominal GDP | Ontario | 6.5 | 2.4 | 3.2 | 3.9 | (1.4) | (1.5) | 10.6 |
| | | Annual | Annual | Monthly 2002 | | | | |
| | | 2000 | 2001 | Feb | Mar | Apr | May | Jun |
| Other Indicators (Seasonally Adjusted) | | | | | | | | |
| Labour Markets | | | | | | | | |
| Labour Force (Change in 000s) | Ontario | 157 | 137 | (10) | 23 | (3) | 14 | 17 |
| Employment (Change in 000s) | Ontario | 184 | 91 | 20 | 17 | (2) | 12 | 12 |
| Unemployment Rate (%) | Ontario | 5.7 | 6.3 | 6.9 | 7.0 | 7.0 | 7.0 | 7.1 |
| Household Sector | | | | | | | | |
| Retail Sales | Ontario | 7.3 | 2.6 | (1.8) | 0.2 | 1.0 | N/A | N/A |
| Urban Housing Starts (000s) | Ontario | 67.4 | 70.3 | 74.6 | 80.6 | 71.6 | 82.3 | 76.9 |
| New Home Sales* | Toronto | 10.4 | 2.1 | 117.3 | 76.2 | 44.9 | 38.2 | N/A |
| MLS Home Resales* | Ontario | (1.0) | 10.3 | 35.3 | 17.6 | 30.0 | 6.8 | N/A |
| Manufacturing Shipments | | | | | | | | |
| Transportation Equipment | Ontario | 6.2 | (6.4) | 1.4 | (1.1) | 6.4 | N/A | N/A |
| Consumer Price Index* | | | | | | | | |
| | Ontario | 2.9 | 3.1 | 1.4 | 1.9 | 1.4 | 0.8 | N/A |

Sources: Statistics Canada, Ontario Ministry of Finance, Canada Mortgage and Housing Corporation, Greater Toronto Home Builders' Association, Canadian Real Estate Association and Ward's Automotive.

* % change from a year earlier

N/A = Data not available

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ONTARIO FINANCES FINANCIAL TABLES

| 2003-04 | | 2002-03 | | 2001-02 | | 2000-01 | | 1999-00 | | 1998-99 | | 1997-98 | | 1996-97 | | 1995-96 | | 1994-95 | | 1993-94 | | 1992-93 | | 1991-92 | | 1990-91 | | 1989-90 | | 1988-89 | | 1987-88 | | 1986-87 | | 1985-86 | | 1984-85 | | 1983-84 | | 1982-83 | | 1981-82 | | 1980-81 | | 1979-80 | | 1978-79 | | 1977-78 | | 1976-77 | | 1975-76 | | 1974-75 | | 1973-74 | | 1972-73 | | 1971-72 | | 1970-71 | | 1969-70 | | 1968-69 | | 1967-68 | | 1966-67 | | 1965-66 | | 1964-65 | | 1963-64 | | 1962-63 | | 1961-62 | | 1960-61 | | 1959-60 | | 1958-59 | | 1957-58 | | 1956-57 | | 1955-56 | | 1954-55 | | 1953-54 | | 1952-53 | | 1951-52 | | 1950-51 | | 1949-50 | | 1948-49 | | 1947-48 | | 1946-47 | | 1945-46 | | 1944-45 | | 1943-44 | | 1942-43 | | 1941-42 | | 1940-41 | | 1939-40 | | 1938-39 | | 1937-38 | | 1936-37 | | 1935-36 | | 1934-35 | | 1933-34 | | 1932-33 | | 1931-32 | | 1930-31 | | 1929-30 | | 1928-29 | | 1927-28 | | 1926-27 | | 1925-26 | | 1924-25 | | 1923-24 | | 1922-23 | | 1921-22 | | 1920-21 | | 1919-20 | | 1918-19 | | 1917-18 | | 1916-17 | | 1915-16 | | 1914-15 | | 1913-14 | | 1912-13 | | 1911-12 | | 1910-11 | | 1909-10 | | 1908-09 | | 1907-08 | | 1906-07 | | 1905-06 | | 1904-05 | | 1903-04 | | 1902-03 | | 1901-02 | | 1900-01 | | 1899-00 | | 1898-99 | | 1897-98 | | 1896-97 | | 1895-96 | | 1894-95 | | 1893-94 | | 1892-93 | | 1891-92 | | 1890-91 | | 1889-90 | | 1888-89 | | 1887-88 | | 1886-87 | | 1885-86 | | 1884-85 | | 1883-84 | | 1882-83 | | 1881-82 | | 1880-81 | | 1879-80 | | 1878-79 | | 1877-78 | | 1876-77 | | 1875-76 | | 1874-75 | | 1873-74 | | 1872-73 | | 1871-72 | | 1870-71 | | 1869-70 | | 1868-69 | | 1867-68 | | 1866-67 | | 1865-66 | | 1864-65 | | 1863-64 | | 1862-63 | | 1861-62 | | 1860-61 | | 1859-60 | | 1858-59 | | 1857-58 | | 1856-57 | | 1855-56 | | 1854-55 | | 1853-54 | | 1852-53 | | 1851-52 | | 1850-51 | | 1849-50 | | 1848-49 | | 1847-48 | | 1846-47 | | 1845-46 | | 1844-45 | | 1843-44 | | 1842-43 | | 1841-42 | | 1840-41 | | 1839-40 | | 1838-39 | | 1837-38 | | 1836-37 | | 1835-36 | | 1834-35 | | 1833-34 | | 1832-33 | | 1831-32 | | 1830-31 | | 1829-30 | | 1828-29 | | 1827-28 | | 1826-27 | | 1825-26 | | 1824-25 | | 1823-24 | | 1822-23 | | 1821-22 | | 1820-21 | | 1819-20 | | 1818-19 | | 1817-18 | | 1816-17 | | 1815-16 | | 1814-15 | | 1813-14 | | 1812-13 | | 1811-12 | | 1810-11 | | 1809-10 | | 1808-09 | | 1807-08 | | 1806-07 | | 1805-06 | | 1804-05 | | 1803-04 | | 1802-03 | | 1801-02 | | 1800-01 | | 1799-00 | | 1798-99 | | 1797-98 | | 1796-97 | | 1795-96 | | 1794-95 | | 1793-94 | | 1792-93 | | 1791-92 | | 1790-91 | | 1789-90 | | 1788-89 | | 1787-88 | | 1786-87 | | 1785-86 | | 1784-85 | | 1783-84 | | 1782-83 | | 1781-82 | | 1780-81 | | 1779-80 | | 1778-79 | | 1777-78 | | 1776-77 | | 1775-76 | | 1774-75 | | 1773-74 | | 1772-73 | | 1771-72 | | 1770-71 | | 1769-70 | | 1768-69 | | 1767-68 | | 1766-67 | | 1765-66 | | 1764-65 | | 1763-64 | | 1762-63 | | 1761-62 | | 1760-61 | | 1759-60 | | 1758-59 | | 1757-58 | | 1756-57 | | 1755-56 | | 1754-55 | | 1753-54 | | 1752-53 | | 1751-52 | | 1750-51 | | 1749-50 | | 1748-49 | | 1747-48 | | 1746-47 | | 1745-46 | | 1744-45 | | 1743-44 | | 1742-43 | | 1741-42 | | 1740-41 | | 1739-40 | | 1738-39 | | 1737-38 | | 1736-37 | | 1735-36 | | 1734-35 | | 1733-34 | | 1732-33 | | 1731-32 | | 1730-31 | | 1729-30 | | 1728-29 | | 1727-28 | | 1726-27 | | 1725-26 | | 1724-25 | | 1723-24 | | 1722-23 | | 1721-22 | | 1720-21 | | 1719-20 | | 1718-19 | | 1717-18 | | 1716-17 | | 1715-16 | | 1714-15 | | 1713-14 | | 1712-13 | | 1711-12 | | 1710-11 | | 1709-10 | | 1708-09 | | 1707-08 | | 1706-07 | | 1705-06 | | 1704-05 | | 1703-04 | | 1702-03 | | 1701-02 | | 1700-01 | | 1699-00 | | 1698-99 | | 1697-98 | | 1696-97 | | 1695-96 | | 1694-95 | | 1693-94 | | 1692-93 | | 1691-92 | | 1690-91 | | 1689-90 | | 1688-89 | | 1687-88 | | 1686-87 | | 1685-86 | | 1684-85 | | 1683-84 | | 1682-83 | | 1681-82 | | 1680-81 | | 1679-80 | | 1678-79 | | 1677-78 | | 1676-77 | | 1675-76 | | 1674-75 | | 1673-74 | | 1672-73 | | 1671-72 | | 1670-71 | | 1669-70 | | 1668-69 | | 1667-68 | | 1666-67 | | 1665-66 | | 1664-65 | | 1663-64 | | 1662-63 | | 1661-62 | | 1660-61 | | 1659-60 | | 1658-59 | | 1657-58 | | 1656-57 | | 1655-56 | | 1654-55 | | 1653-54 | | 1652-53 | | 1651-52 | | 1650-51 | | 1649-50 | | 1648-49 | | 1647-48 | | 1646-47 | | 1645-46 | | 1644-45 | | 1643-44 | | 1642-43 | | 1641-42 | | 1640-41 | | 1639-40 | | 1638-39 | | 1637-38 | | 1636-37 | | 1635-36 | | 1634-35 | | 1633-34 | | 1632-33 | | 1631-32 | | 1630-31 | | 1629-30 | | 1628-29 | | 1627-28 | | 1626-27 | | 1625-26 | | 1624-25 | | 1623-24 | | 1622-23 | | 1621-22 | | 1620-21 | | 1619-20 | | 1618-19 | | 1617-18 | | 1616-17 | | 1615-16 | | 1614-15 | | 1613-14 | | 1612-13 | | 1611-12 | | 1610-11 | | 1609-10 | | 1608-09 | | 1607-08 | | 1606-07 | | 1605-06 | | 1604-05 | | 1603-04 | | 1602-03 | | 1601-02 | | 1600-01 | | 1599-00 | | 1598-99 | | 1597-98 | | 1596-97 | | 1595-96 | | 1594-95 | |
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ONTARIO FINANCES

FINANCIAL TABLES

REVENUE

| (\$ Millions) | Interim 2001-02 | 2002-03 | | |
|--|--------------------|----------------|--------------------|-------------------|
| | | Budget Plan | Current Outlook | In-Year Change |
| TAXATION REVENUE | | | | |
| Personal Income Tax | 19,195 | 19,085 | 19,085 | -- |
| Retail Sales Tax | 13,753 | 14,230 | 14,230 | -- |
| Corporations Tax | 6,690 | 6,150 | 6,150 | -- |
| Employer Health Tax | 3,518 | 3,695 | 3,695 | -- |
| Gasoline Tax | 2,184 | 2,260 | 2,260 | -- |
| Fuel Tax | 641 | 655 | 655 | -- |
| Tobacco Tax | 671 | 1,325 | 1,325 | -- |
| Land Transfer Tax | 675 | 735 | 735 | -- |
| Other Taxation | 225 | 225 | 225 | -- |
| | 47,552 | 48,360 | 48,360 | -- |
| GOVERNMENT OF CANADA | | | | |
| Canada Health and Social Transfer (CHST) | 6,211 | 6,808 | 6,808 | -- |
| Social Housing | 528 | 530 | 530 | -- |
| Student Assistance | 31 | 64 | 64 | -- |
| Medical Equipment Trust | 190 | -- | -- | -- |
| Indian Welfare Services | 123 | 127 | 127 | -- |
| Young Offenders Act | 119 | 61 | 61 | -- |
| Bilingualism Development | 64 | 64 | 64 | -- |
| Employability Assistance for People with Disabilities | 68 | 33 | 33 | -- |
| Infrastructure | 11 | 225 | 225 | -- |
| Other | 439 | 278 | 278 | -- |
| | 7,784 | 8,190 | 8,190 | -- |
| INCOME FROM GOVERNMENT ENTERPRISES | | | | |
| Ontario Lottery and Gaming Corporation | 2,226 | 2,300 | 2,300 | -- |
| Liquor Control Board of Ontario | 905 | 954 | 954 | -- |
| Ontario Power Generation Inc. and Hydro One Inc. | 179 | 480 | 480 | -- |
| Other | 8 | 9 | 9 | -- |
| | 3,318 | 3,743 | 3,743 | -- |
| OTHER REVENUE | | | | |
| Vehicle and Driver Registration Fees | 936 | 963 | 963 | -- |
| Other Fees and Licences | 657 | 692 | 692 | -- |
| Liquor Licence Revenue | 524 | 515 | 515 | -- |
| Royalties | 242 | 237 | 237 | -- |
| Sales and Rentals | 586 | 2,424 | 2,424 | -- |
| Independent Electricity Market Operation Revenue | 137 | 160 | 160 | -- |
| Local Services Realignment - Reimbursement of Expenditure | 1,125 | 751 | 751 | -- |
| Miscellaneous | 602 | 509 | 511 | 2 |
| | 4,809 | 6,251 | 6,253 | 2 |
| TOTAL REVENUE | 63,463 | 66,544 | 66,546 | 2 |

OPERATING EXPENDITURE

| (\$ Millions) | | 2002-03 | | |
|---|--------------------|----------------|--------------------|-------------------|
| MINISTRY | Interim 2001-02 | Budget Plan | Current Outlook | In-Year Change |
| Agriculture and Food* | 464 | 572 | 572 | -- |
| One-Time and Extraordinary Costs | 328 | -- | -- | -- |
| Attorney General* | 981 | 966 | 966 | -- |
| Board of Internal Economy | 113 | 117 | 117 | -- |
| Citizenship | 75 | 69 | 69 | -- |
| Community, Family and Children's Services | 7,780 | 7,814 | 7,814 | -- |
| Consumer and Business Services | 175 | 171 | 171 | -- |
| Culture | 271 | 277 | 277 | -- |
| Education | 8,429 | 8,746 | 8,746 | -- |
| Teachers' Pension Plan (TPP) | 3 | 149 | 149 | -- |
| Enterprise, Opportunity and Innovation | 225 | 264 | 264 | -- |
| Environment and Energy | 344 | 363 | 363 | -- |
| Executive Offices | 21 | 21 | 21 | -- |
| Finance - Own Account* | 749 | 802 | 802 | -- |
| Public Debt Interest | | | | |
| Provincial | 8,553 | 8,550 | 8,550 | -- |
| Electricity Sector | 520 | 520 | 520 | -- |
| Community Reinvestment Fund | 557 | 582 | 582 | -- |
| Provision for Electricity Sector | -- | -- | -- | -- |
| Health and Long-Term Care | 23,709 | 25,452 | 25,452 | -- |
| Major One-Time Health Care Costs | 190 | -- | -- | -- |
| Intergovernmental Affairs | 5 | 4 | 4 | -- |
| Labour | 113 | 114 | 114 | -- |
| Management Board Secretariat | 386 | 230 | 230 | -- |
| Retirement Benefits | 168 | (42) | (42) | -- |
| Contingency Fund | -- | 861 | 858 | (3) |
| OPS Employee Severance (Net) | (17) | -- | -- | -- |
| Municipal Affairs and Housing* | 1,129 | 688 | 691 | 3 |
| Native Affairs Secretariat | 14 | 15 | 15 | -- |
| Natural Resources | 433 | 413 | 413 | -- |
| Northern Development and Mines** | 79 | 77 | 77 | -- |
| Office of Francophone Affairs | 5 | 3 | 3 | -- |
| Public Safety and Security | 1,603 | 1,530 | 1,532 | 2 |
| Tourism and Recreation* | 143 | 133 | 133 | -- |
| Training, Colleges and Universities | 3,257 | 3,521 | 3,521 | -- |
| Transportation | 681 | 772 | 772 | -- |
| Year-End Savings | -- | (300) | (300) | -- |
| TOTAL OPERATING EXPENDITURE | 61,486 | 63,454 | 63,456 | 2 |

* Preliminary allocations pending finalization of new ministry structures. All other ministries reflect recently announced government structure.

** Reflects Northern Ontario Heritage Fund Corporation expenditure reclassified from operating to capital.

CAPITAL EXPENDITURE

| (\$ Millions) | | 2002-03 | | |
|---|--------------------|----------------|--------------------|-------------------|
| MINISTRY | Interim 2001-02 | Budget Plan | Current Outlook | In-Year Change |
| Agriculture and Food* | 29 | 197 | 197 | -- |
| Attorney General* | 46 | 51 | 51 | -- |
| Community, Family and Children's Services | 32 | 27 | 27 | -- |
| Consumer and Business Services | -- | 1 | 1 | -- |
| Culture | 9 | 10 | 10 | -- |
| Education | 15 | 10 | 10 | -- |
| Enterprise, Opportunity and Innovation | 18 | 39 | 47 | 8 |
| Environment and Energy | 58 | 85 | 85 | -- |
| Water Protection Fund | 1 | 3 | 3 | -- |
| Finance – Own Account* | 11 | 24 | 24 | -- |
| SuperBuild Millennium Partnerships | -- | 110 | 102 | (8) |
| Contingency Fund | -- | 100 | 97 | (3) |
| Health and Long-Term Care | 203 | 342 | 342 | -- |
| Management Board Secretariat | 29 | 46 | 46 | -- |
| Municipal Affairs and Housing* | 3 | 4 | 7 | 3 |
| Native Affairs Secretariat | 3 | 6 | 6 | -- |
| Natural Resources | 70 | 80 | 80 | -- |
| Northern Development and Mines† | 379 | 376 | 376 | -- |
| Public Safety and Security | 89 | 92 | 92 | -- |
| Tourism and Recreation* | 12 | 125 | 125 | -- |
| Training, Colleges and Universities | 52 | 67 | 67 | -- |
| Transportation | 791 | 1,018 | 1,018 | -- |
| Year-End Savings | -- | (100) | (100) | -- |
| TOTAL GROSS CAPITAL EXPENDITURE** | 1,850 | 2,713 | 2,713 | -- |
| Less: Net Investment in Capital Assets*** | -- | 634 | 634 | -- |
| Net Capital Expenditure | 1,850 | 2,079 | 2,079 | -- |

* Preliminary allocations pending finalization of new ministry structures. All other ministries reflect recently announced government structure.

** Gross Capital Expenditure includes the following: i) acquisition or construction of major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) and other tangible capital assets; ii) repairs and maintenance; and iii) transfers for capital purposes.

† Reflects Northern Ontario Heritage Fund Corporation expenditure reclassified from operating to capital.

| (\$ Millions) | | 2002-03 | | |
|--|--|----------------|--------------------|-------------------|
| SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS | | Budget Plan | Current Outlook | In-Year Change |
| Acquisition/Construction of Major Tangible Capital Assets | | 1,367 | 1,367 | -- |
| Amortization of Provincially Owned Major Tangible Capital Assets | | (733) | (733) | -- |
| Net Investment in Capital Assets*** | | 634 | 634 | -- |

*** Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

ONTARIO'S 2002-03 FINANCING PROGRAM

| (\$ Millions) | Interim 2001-02 | 2002-03 | | |
|--|--------------------|----------------|--------------------|-----------------------|
| | | Budget Plan | Current Outlook | Change from Budget |
| Surplus / (Deficit) | 58 | 0 | 0 | -- |
| Adjustments for: | | | | |
| Non-Cash Items Included in Surplus | (1,748) | (2,875) | (2,875) | -- |
| Amortization of Tangible Capital Assets* | -- | 733 | 733 | -- |
| Acquisitions of Tangible Capital Assets* | -- | (1,367) | (1,367) | -- |
| Maturities of Debt | (9,507) | (11,725) | (11,725) | -- |
| Early Redemptions of Debt | (1,581) | (1,200) | (1,200) | -- |
| Canada Pension Plan Borrowing | -- | 688 | 688 | -- |
| Decrease / (Increase) in Cash and Cash Equivalents | 366 | 3,000 | 3,000 | -- |
| Increase / (Decrease) in Short-Term Borrowing | 174 | -- | -- | -- |
| Other Sources / (Uses) of Cash** | (79) | -- | -- | -- |
| Long-Term Public Borrowing Requirement | 12,317 | 12,746 | 12,746 | -- |
| of which: Completed | | | 4,958 | -- |
| Remaining | | | 7,788 | -- |

* Starting in 2002-03, major tangible capital assets owned by the Province (land, buildings and transportation infrastructure) are accounted for on a full accrual accounting basis. Other tangible capital assets will continue to be booked as expenditure in the year of acquisition.

** Includes net repayment from, or loans to, agencies and an increase or decrease in deposits with the Province of Ontario Savings Office.

◆ Long-term public borrowing undertaken in the first quarter is estimated at \$4,958 million as follows:

| | (\$ Millions) |
|------------------------|---------------|
| Ontario Savings Bonds | 2,598 |
| Domestic Issues | 2,215 |
| Euro Medium Term Notes | 145 |
| | 4,958 |

◆ The 2002 Ontario Savings Bond (OSB) campaign has raised \$2.6 billion.

◆ In addition to the borrowing and redemptions shown in the table, the Province has bought back \$325 million of previously issued debt, financing the purchases with similar amounts of debt issued at more favourable rates.

◆ The forecast Net Provincial Debt as of March 31, 2003 is \$110.5 billion, unchanged from the 2002 Budget.

